

Message Text

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ACTION ARA-20

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INFO AMCONSUL GUAYAQUIL

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E.O. 11652: N/A

TAGS: ETRD, EC

SUBJECT: RICE SHORTAGE WORSENING

REF: GUAYAQUIL 340; AGATT EU 4010, MARCH 28, 1974

1. THE DELAY IN THE MATURING OF THE COASTAL WINTER RICE CROP AND ITS EXPECTED FAILURE AS A RESULT OF DROUGHT ARE BRINGING THE COUNTRY TO A CRISIS POINT IN RICE SUPPLY. FOR SOME TIME RETAIL SUPPLIES OF RICE (AS WELL AS OTHER STAPLES) HAVE BEEN ERATIC, A RESULT OF GROWING DEMAND OUTSTRIPPING STAGNANT SUPPLY. THE GOVERNMENT NOW CONCEDES THAT IT IS UNABLE TO KEEP ITS OWN ENPROVIT STORES SUPPLIED WITH RICE FOR SALE AT THE RECENTLY INCREASED FIXED PRICE JUST UNDER 13 CENTS PER POUND. ALTHOUGH THE PENALTIES ARE SEVERE AGAINST RETAILERS WHO SELL AT MORE THAN THE FIXED PRICE, THIS PRACTICE IS INEVITABLY SPREADING. MOREOVER THE AWARENESS OF THE WORSENING SHORTAGE HAS CAUSED MORE AND MORE CUSTOMERS TO HOARD RICE WHEN THEY CAN GET IT, THUS REDUCING SUPPLIES FURTHER.

2. AS RECENTLY AS MID-MARCH, THE MINISTRY OF AGRICULTURE CHARACTERIZED THE SHORTAGE AS LARGELY THE RESULT OF MARKET

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MANIPULATION. IN ANY EVENT, IT SAID THE SHORTAGE WOULD DIS-

APPEAR WITH THE HARVESTING OF THE WINTER CROP. ECUADOR HAD IMPORTED A SMALL QUANTITY OF RICE IN APRIL 1973 WHEN THE WINTER RICE CROP FAILED AS A RESULT OF FLOODS. THAT IMPORTATION WAS CONSIDERED AN EXCEPTIONAL AND SHOCKING ACTION FOR THIS NORMALLY SELF-SUFFICIENT RICE PRODUCING COUNTRY. NONETHELESS THE GOVERNMENT AGAIN AUTHORIZED THE MINISTRY OF AGRICULTURE TO IMPORT 15,000 METRIC TONS OF RICE IN FEBRUARY 1974, MORE THAN TEN PERCENT OF ANNUAL CONSUMPTION. THE MINISTRY HAS BEEN CASTING ABOUT SINCE THEN TO CLOSE A FIRM DEAL. FOR VARIOUS REASONS - HIGH PRICES, INDECISION, INABILITY OF SUPPLIERS TO COME UP WITH RICE - LITTLE RICE HAS BEEN IMPORTED. AT PRESENT ECUADOR IS LOOKING FOR A RELIABLE U.S. COMMERCIAL SUPPLIER AND HOPES TO LAND IMPORTED RICE IN THE COUNTRY BEFORE THE END OF THE MONTH.

3. THE GOVERNMENT'S GROWING CONCERN, NOW APPROACHING THE LEVEL OF ALARM, IS BASED ON FEAR OF SEVERE POLITICAL REPERCUSSIONS IF IT CANNOT KEEP THE ACCUSTOMED RICE SUPPLY FLOWING TO THE CONSUMER. PRESIDENT RODRIGUEZ LARA FOUND IT NECESSARY TO TOUR DROUGHT-AFFECTED COASTAL PROVINCES APRIL 10-11. HE PUT THE LIKELY CROP LOSS AT 30 PERCENT IN MANABI, LOS RIOS, AND GUAYAS PROVINCES. AGRICULTURE SUB-SECRETARY OLIVERIO VASCONEZ HAS SAID PRIVATELY THAT WHILE HE IS NOT EXPERT ON THE DETAILS OF RICE PRODUCTION AND MARKETING, HE DOES KNOW THAT IF THE COAST RUNS OUT OF RICE THE GOVERNMENT CANNOT WITHSTAND THE CONSEQUENCES. IN HOPES OF STIMULATING GREATER PRODUCTION OF RICE IN THE FUTURE, THE GOVERNMENT HAS AUTHORIZED A SUBSTANTIAL INCREASE IN PRICE TO THE PRODUCER. THAT MEASURE DOES NOT ALLEVIATE THE CRISIS OF THE PRESENT.

BREWSTER

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